



K12 EXEMPTION FROM PARTICIPATION WORKGROUP - MEETING SUMMARY

K-12 HEALTH BENEFITS REPORT PROJECT

WEDNESDAY, SEPTEMBER 29, 2011

HCA SEATTLE OFFICE, 511 3RD AVENUE

1-3 PM

PURPOSE:

One of the components of the K-12 Consolidation Report is an evaluation of whether a consolidated program should require all-in participation by all school districts that receive a State allocation for school employee health benefits or have some form of provision for voluntary participation. The purpose of the meeting is to explore the feasibility of having a program design that is not a total all-in program and to begin refining the concept assuming it is determined worth pursuing. . A subgroup of HCA staff and Advisory Team members is working on policy options related to program participation requirements.

Workgroup Participants:

John Williams

Linda Blankenship, Camray Consulting

Tim Barclay, Milliman

Mary Fliss, HCA

Spokane Public Schools – Linda McDermott, Cindy Coleman, Michael Binyon

Everett Benefit Trust/Everett School District – Mike Gunn

Seattle Public Schools - Elaine Williams

WEA - Randy Parr

WA Association of Health Underwriters/The Partners Group - Mark Rose

Sprague Israel Giles - Marnie White, Monica Cripe

Mercer Consulting - Sean White

MEETING SUMMARY:

We gained a lot of good information from the meeting; much of which deals with the impacts that would occur under various scenarios of consolidated program design. This type of information will be beneficial as the mandatory/voluntary approach gets refined and we are more heavily focused on the pros and cons.

Progress

We discussed three options and listed a fourth for all-voluntary. It was noted that currently PEBB is offered on a voluntary basis for K12.

- 1) School district participation is mandatory with provisions to receive an initial one-time exemption from participation at the start of the program based on demonstrated compliance with qualifying criteria. At the point a district enters the consolidated program participation is mandatory thereafter.
- 2) School district participation is mandatory with provisions to receive an exemption prior to initial participation or while participating in the program based on demonstrated compliance with qualifying criteria.
- 3) School district participation is mandatory for specific districts meeting specified criteria (such as districts below a threshold number of employees, risk pool size, etc.) and voluntary for all other districts.
- 4) School district participation is all voluntary in a consolidated program separate from the PEBB program.

The options were based on the following assumptions:

- a) The option of all-voluntary participation in current PEBB program is the default for a decision of no new consolidated program.
- b) The option of all-mandatory participation either in the current PEBB program or a separate consolidated program is the baseline upon which the above options are being considered.

Criteria

The group began developing the criteria that would be used for each of the above four options to enable further analysis of the potential impacts associated with each option.

Initial criteria discussed included:

- At state level, there must be critical mass for state to create a stable consolidated system pool.
- To opt out district must meet and surpass Legislature expectations for an employee benefits program – transparency, equity, and affordability.
- District must have a better cost and benefit than consolidated program can provide.
- There must be a governance body to provide oversight at the district level to assure exemption criteria are met on a consistent basis. .

Under Option 2 above, the following criteria was discussed:

- Minimal size means minimal size of risk pool.
- There should be a re-certification process (2-3 years was suggested)
- There should be a definition of cost of the program that treats districts equally (For example TPA costs, internal employees, services, brokers, etc.)

Under option 3, specific criteria for mandatory participation in medical/Rx benefits could be based on a threshold number of employees or a threshold risk pool size. This was also true for the non-medical benefits for which employees may participate.

The following issues were identified as important to the evaluation:

- Some employee groups participate in national programs and some districts enter into interagency agreements for benefits purchasing which substantially increases their risk pool size.
- In order for the program to allow opt-out/opt-in, the school district must have access to employee experience detail and plan cost data specific to the district.

Next Steps:

Another workgroup meeting will be scheduled to further refine criteria that would be required for each option and to discuss the pros and cons of each option.